

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 COME-00 EB-07 PA-02 PRS-01 CIAE-00

INR-07 NSAE-00 USIA-15 AID-05 FRB-01 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 NSC-05

SS-15 STR-04 CEA-01 /096 W  
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R 301655Z DEC 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC 5703

INFO AMCONSUL ANTWERP

AMEMBASSY LUXEMBOURG

UNCLAS BRUSSELS 11617

PASS COMMERCE

E.O. 11652: N/A

TAGS: ECON , BE

SUBJECT: NEW PRICE CONTROL SYSTEM

1. GOVERNMENT HAS ANNOUNCED NEW PRICE CONTROL SYSTEM TO TAKE EFFECT JANUARY 1, 1976. IN PLACE OF SELECTIVE PRICE FREEZE OF RECENT MONTHS, NEW SYSTEM BASED ON MAXIMUM FIVE MONTH DELAY BETWEEN PRIVATE FIRM'S (OR INDUSTRIAL SECTOR'S) APPLICATION TO PRICE CONTROL AUTHORITIES AND FINAL IMPLEMENTATION.

2. UNDER NEW SYSTEM, MINISTRY OF ECONOMIC AFFAIRS HAS THREE MONTHS TO STUDY APPLICATION AND OBTAIN RECOMMENDATION OF PRICE COMMISSION K A CONSULTATIVE BODY COMPOSED OF EMPLOYERS, TRADE UNIONS, CONSUMERS, AND CIVIL SERVANTS). MINISTRY THEN INFORMS APPLICANT WHETHER PRICE RISE AUTHORIZED AND IF SO, BY HOW MUCH. IF APPLICANT ACCEPTS MINISTRY'S FINDINGS, HE MAY RAISE PRICES ACCORDINGLY WITHOUT FURTHER DELAY. IF HE DOES NOT, HE MUST AGAIN DECLARE INCREASE DESIRED, AND WAIT ANOTHER TWO MONTHS TO IMPLEMENT IT. DURING THIS PERIOD, MINISTRY CAN CHOOSE TO IMPOSE MAXIMUM PRICE WHICH

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BINDING FOR SIX MONTHS.

3. NEW CONTROLS WILL BE APPLICABLE ONLY TO BUSINESSES WITH ANNUAL SALES EXCEEDING BF 7.5 MILLION. THIS CONSTITUTES RELAXATION OF SYSTEM TO EXCLUDE LARGE NUMBER OF POLITICALLY-IMPORTANT SMALL ENTREPRENEURS WHO HAVE BEEN SQUEEZED BETWEEN PRICE CONTROL AND CONTINUING INFLATION. GOVERNMENT HAS ALSO PROMISED COMPLEMENTARY PROGRAM TO CONTROL MARK-UPS AT WHOLESALE LEVEL, BUT NO DETAILS YET AVAILABLE.

4. NEW SYSTEM IS COMPROMISE BETWEEN THAT OF LIMITED OFFICIAL PRICE INTERVENTION ABANDONED LAST MAY, AND MORE RIGOROUS REGIMES OF FULL AND THEN SELECTIVE BLOCKAGE IN FORCE EVER SINCE. MUCH OF ITS EFFECT AGAINST INFLATION (11 PERCENT IN 1975) WILL DEPEND ON HOW TOUGH MINISTRY IS PREPARED TO BE. ADMINISTRATIVE DELAYS WILL BY THEMSELVES HAVE DAMPENING EFFECT ON PRICES, HOWEVER, AND SHOULD PREVENT ANY EARLY PRICE QUOTE EXPLOSION UNQUOTE FOLLOWING END OF BLOCKAGE.  
RENNER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRICE CONTROLS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 DEC 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
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**Subject:** NEW PRICE CONTROL SYSTEM  
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